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QUARTERLY STATEMENT

AS OF JUNE 30, 2007

OF THE CONDITION AND AFFAIRS OF THE

Tennessee Behavioral Health, Inc.

Orig - File
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NAIC Group Code	0000	NAIC Company Code	95780	Employer's ID Number	62-1621636
(Current Period)		(Prior Period)			
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee	
Country of Domicile	United States				
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No []				
Incorporated/Organized	12/15/1995		Commenced Business	07/01/1996	
Statutory Home Office	222 Second Ave. N. Suite 220		Nashville, TN 37201		
(Street and Number)		(City or Town, State and Zip Code)			
Main Administrative Office	222 Second Ave. N. Suite 220		Nashville, TN 37201		615-313-4463
(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	222 Second Ave. N. Suite 220		Nashville, TN 37201		
(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	222 Second Ave. N. Suite 220		Nashville, TN 37201		410-953-1643
(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Website Address	N/A				
Statutory Statement Contact	Michael Fotinos		410-953-1643		
(Name)		(Area Code) (Telephone Number) (Extension)			
mfotinos@magellanhealth.com		410-953-5205			
(E-Mail Address)		(Fax Number)			
Policyowner Relations Contact					
(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number) (Extension)	

OFFICERS

Name	Title	Name	Title
Russell C. Petrella	President	Andrew Mark Cummings	Secretary

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Mark Steven Demilio	Russell C. Petrella
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State of Connecticut ss Avon
 County of Hartford

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Russell C. Petrella Andrew Mark Cummings
 President Secretary

Subscribed and sworn to before me this
16th day of August 2007
Raymonde A. Pelletier

RAYMONDE A. PELLETIER
 NOTARY PUBLIC
 MY COMMISSION EXPIRES AUG. 31, 2008

- a. Is this an original filing? Yes [X] No []
- b. If no,
1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

Tennessee Behavioral Health, Inc. - Middle/West Regions
BHO TennCare Operations Statement of Revenue and Expenses
For the Quarter Ending June 30, 2007
Report 2A

	Current Quarter Total	Year to Date Total
Member Months	499,632	1,006,371
Revenues		
TennCare Capitation	14,041,833	29,431,392
Risk Share	(1,059,276)	(2,602,036)
Investment (Interest)	192,541	376,110
Other Revenues	0	0
Total Revenues	13,175,099	27,205,466
Expenses		
Mental Health & Substance Services		
Inpatient Psychiatric Facility services	3,854,770	8,719,278
Inpatient Substance Abuse Treatment and Detox	108,083	217,864
Outpatient Mental Health Services	2,023,989	2,866,054
Outpatient Substance Abuse Treatment and Detox	163,833	231,980
Housing/Residential Treatment	912,076	1,701,476
Specialized Crisis Services	392,536	931,830
Psychiatric Rehab and Support Services	130,946	310,848
Case Management	2,006,835	4,368,378
Forensics		
Other Judicial		
Pharmacy		
Lab Services	6,748	(18,097)
Transportation	287,039	573,921
Medical Incentive Pool and Withhold Adjustments		
Occupancy, Depreciation and Amortization		
Other Mental Health and Substance Abuse Services		0
PCP and Specialists Services		
Subtotal	9,886,855	19,903,533
Reinsurance Expense Net of Recoveries		
Less:		
Copayments		
Subrogation		
Coordination of Benefits		
Subtotal		
Total Medical and Substance Abuse	9,886,855	19,903,533
Claim Adjustment Expense	140,418	294,314
Administration ¹		
Rent	17,856	37,427
Salaries and Wages	642,288	1,346,222
Commissions	1,934	4,053
Contributions for benefit plans for employees		
Payments to employees under non-funded benefit plans		
Other employee welfare		
Legal fees and expenses	7,373	15,455
Medical examination fees		
Utilization management		
Certifications and accreditation	255	316
Auditing, actuarial and other consulting services	76,443	161,545
Traveling expenses	23,431	49,112
Marketing and advertising	15,388	32,254
Postage, express, telegraph and telephone	28,665	60,081
Printing and stationary	164,573	224,895
Occupancy, depreciation and amortization	294,453	615,332
Rental of equipment	455	953
Outsourced services includes EDP, claims, and other services	(516)	(1,082)
Books and periodicals		
Boards, bureaus and association fees	3,635	8,039
Insurance, except on real estate		
Collection and bank service charges	5,737	11,757
Group service and administration fees		
Reimbursements from fiscal intermediaries		
Real estate expenses		
Real estate taxes	341	715
Bad Debt Expense		
Taxes, licenses and fees:		
State and local insurance taxes		
State premium taxes	259,651	536,587
Insurance department licenses and fees		
Payroll taxes		
Other (excluding federal income and real estate taxes)	2,687	5,730
Investment expenses not included elsewhere		
Write-Ins		
Total Administrative Expenses	1,544,650	3,109,388
Total Expenses	11,571,923	23,307,235
Income/(loss) before allocated income taxes	1,603,175	3,898,232
Benefit (provision) for income taxes	(572,955)	(1,364,381)
Net Income (Loss)	1,030,220	2,533,851

Tennessee Behavioral Health, Inc. - East Region
BHO TennCare Operations Statement of Revenue and Expenses
For the Quarter Ending June 30, 2007
Report 2A

	Current Quarter Total	Year to Date Total
Member Months	1,273,509	2,550,776
Revenues		
TennCare Capitation	35,206,276	68,924,897
Risk Share	0	0
Investment (Interest)	486,245	946,778
Other Revenues		0
Total Revenues	35,692,521	69,871,675
Expenses		
Mental Health & Substance Services		
Inpatient Psychiatric Facility services	8,140,627	16,930,009
Inpatient Substance Abuse Treatment and Detox	476,027	923,913
Outpatient Mental Health Services	10,183,070	18,116,810
Outpatient Substance Abuse Treatment and Detox	824,307	1,466,521
Housing/Residential Treatment	3,102,417	6,540,408
Specialized Crisis Services	1,233,532	2,472,870
Psychiatric Rehab and Support Services	411,493	824,922
Case Management	6,845,456	13,445,931
Forensics		
Other Judicial		
Pharmacy		
Lab Services	93,412	142,915
Transportation	898,100	1,824,151
Medical Incentive Pool and Withhold Adjustments		
Occupancy, Depreciation and Amortization		
Other Mental Health and Substance Abuse Services		0
PCP and Specialists Services		
Subtotal	32,208,441	62,688,452
Reinsurance Expense Net of Recoveries		
Less:		
Copayments		
Subrogation		
Coordination of Benefits		
Subtotal		
Total Medical and Substance Abuse	32,208,441	62,688,452
Claim Adjustment Expense	352,063	689,249
Administration ¹		
Rent	44,770	87,649
Salaries and Wages	1,610,371	3,152,696
Commissions	4,849	9,493
Contributions for benefit plans for employees		
Payments to employees under non-funded benefit plans		
Other employee welfare		
Legal fees and expenses	18,487	36,193
Medical examination fees		
Utilization management		
Certifications and accreditation	139	271
Auditing, actuarial and other consulting services	191,670	380,947
Traveling expenses	58,748	115,014
Marketing and advertising	38,582	75,534
Postage, express, telegraph and telephone	71,870	140,702
Printing and stationary	347,780	466,262
Occupancy, depreciation and amortization	734,065	1,437,112
Rental of equipment	1,140	2,231
Outsourced services includes EDP, claims, and other services	(1,294)	(2,534)
Books and periodicals		
Boards, bureaus and association fees	9,616	18,826
Insurance, except on real estate		
Collection and bank service charges	14,387	28,341
Group service and administration fees		
Reimbursements from fiscal intermediaries		
Real estate expenses		
Real estate taxes	855	1,674
Bad Debt Expense		
Taxes, licenses and fees:		
State and local insurance taxes		
State premium taxes	704,126	1,378,498
Insurance department licenses and fees		
Payroll taxes		
Other (excluding federal income and real estate taxes)	6,962	13,630
Investment expenses not included elsewhere		
Write-Ins		
Total Administrative Expenses	3,857,123	7,342,539
Total Expenses	36,417,627	70,720,240
Income/(loss) before allocated income taxes	(725,106)	(848,565)
Benefit (provision) for income taxes	254,424	296,998
Net Income (Loss)	(470,682)	(551,567)

¹ The ASO fee Administration expense breakout is assumed based upon current sub-contractor's expenses.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	2,402,266		2,402,266	2,600,002
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ 48,824,184), cash equivalents (\$ 0) and short-term investments (\$ 0)	48,824,184		48,824,184	41,505,185
6. Contract loans, (including \$ premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	51,226,450	0	51,226,450	44,105,187
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	39,452		39,452	61,332
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	3,674,149		3,674,149	3,531,316
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	43,725	43,725	0	8,782
22. Health care (\$ 16,769) and other amounts receivable	16,769	16,769	0	100,000
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	55,000,545	60,494	54,940,051	47,806,617
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	55,000,545	60,494	54,940,051	47,806,617
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Risk Share Receivable			0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	17,132,701		17,132,701	16,424,922
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	764,547		764,547	321,852
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))	7,529,076		7,529,076	6,461,693
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	596,147		596,147	244,885
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	7,649,483	0	7,649,483	5,062,680
22. Total liabilities (Lines 1 to 21)	33,671,954	0	33,671,954	28,516,032
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	1,000	1,000
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	12,682,036	12,682,036
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	8,585,061	6,607,549
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24)				
\$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25)				
\$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	21,268,097	19,290,585
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	54,940,051	47,806,617
DETAILS OF WRITE-INS				
2101. Premium Tax Payable	956,526		956,526	1,001,169
2102. Unclaimed Property	187,854		187,854	158,444
2103. Payable to State of Tennessee/Risk Share Payable	6,505,103		6,505,103	3,903,067
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	7,649,483	0	7,649,483	5,062,680
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	3,557,147	3,632,909
2. Net premium income (including \$ non-health premium income).....	XXX	98,356,289	96,076,690
3. Change in unearned premium reserves and reserve for rate credits.....	XXX		.0
4. Fee-for-service (net of \$ medical expenses).....	XXX		.0
5. Risk revenue.....	XXX		.0
6. Aggregate write-ins for other health care related revenues.....	XXX	(2,602,036)	(1,538,682)
7. Aggregate write-ins for other non-health revenues.....	XXX	0	.0
8. Total revenues (Lines 2 to 7).....	XXX	95,754,253	94,538,008
Hospital and Medical:			
9. Hospital/medical benefits.....		40,759,549	36,092,407
10. Other professional services.....		41,832,436	39,594,285
11. Outside referrals.....			.0
12. Emergency room and out-of-area.....			.0
13. Prescription drugs.....			.0
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....			.0
16. Subtotal (Lines 9 to 15).....	.0	82,591,985	75,686,692
Less:			
17. Net reinsurance recoveries.....			.0
18. Total hospital and medical (Lines 16 minus 17).....	.0	82,591,985	75,686,692
19. Non-health claims (net).....			.0
20. Claims adjustment expenses, including \$ cost containment expenses.....		983,563	960,767
21. General administrative expenses.....		10,451,927	9,942,594
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			.0
23. Total underwriting deductions (Lines 18 through 22).....	.0	94,027,475	86,590,053
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	1,726,778	7,947,955
25. Net investment income earned.....		1,322,888	1,124,206
26. Net realized capital gains (losses) less capital gains tax of \$.....			.0
27. Net investment gains (losses) (Lines 25 plus 26).....	.0	1,322,888	1,124,206
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)].....			.0
29. Aggregate write-ins for other income or expenses.....	.0	.0	.0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	3,049,666	9,072,161
31. Federal and foreign income taxes incurred.....	XXX	1,067,383	3,175,256
32. Net income (loss) (Lines 30 minus 31).....	XXX	1,982,283	5,896,905
DETAILS OF WRITE-INS			
0601. Risk Share Revenue.....	XXX	(2,602,036)	(1,538,682)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	(2,602,036)	(1,538,682)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	.0	.0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	.0	.0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	19,290,585	18,517,488	18,517,488
34. Net income or (loss) from Line 32.....	1,982,283	5,896,905	11,997,161
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		0	0
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	(4,771)	(105,723)	(55,723)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	(11,168,341)	(11,168,341)
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....	0	0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	0
48. Net change in capital & surplus (Lines 34 to 47).....	1,977,512	(5,377,159)	773,097
49. Capital and surplus end of reporting period (Line 33 plus 48)	21,268,097	13,140,329	19,290,585
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	98,213,457	192,550,758
2. Net investment income	1,345,215	2,333,738
3. Miscellaneous income	0	0
4. Total (Lines 1 to 3)	99,558,672	194,884,496
5. Benefits and loss related payments	82,738,360	161,331,711
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	9,698,602	20,194,948
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 82,738,360 tax on capital gains (losses)	0	5,400,867
10. Total (Lines 5 through 9)	92,436,962	186,927,526
11. Net cash from operations (Line 4 minus Line 10)	7,121,710	7,956,970
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,600,000	600,000
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,600,000	600,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	2,402,711	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,402,711	0
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	197,289	600,000
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	(11,168,341)
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	0	(11,168,341)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	7,318,999	(2,611,371)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	41,505,185	44,116,556
19.2 End of period (Line 18 plus Line 19.1)	48,824,184	41,505,185
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001. Conversion of debt to equity	0	0
20.0002. Assets acquired by assuming directly related liabilities	0	0
20.0003. Exchange of non-cash assets or liabilities	0	0

STATEMENT AS OF JUNE 30, 2007 OF THE Tennessee Behavioral Health, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION										
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	595,458	0	0	0	0	0	0	0	595,458	0
2. First Quarter	594,700	0	0	0	0	0	0	0	594,700	0
3. Second Quarter	591,464								591,464	
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	3,557,147								3,557,147	
Total Member Ambulatory Encounters for Period:										
7. Physician	133,967								133,967	
8. Non-Physician	465,143								465,143	
9. Total	599,110	0	0	0	0	0	0	0	599,110	0
10. Hospital Patient Days Incurred	82,628								82,628	
11. Number of Inpatient Admissions	6,810								6,810	
12. Health Premiums Written	98,356,289								98,356,289	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	98,356,289								98,356,289	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	82,738,360								82,738,360	
18. Amount Incurred for Provision of Health Care Services	82,591,985								82,591,985	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

8

STATEMENT AS OF JUNE 30, 2007 OF THE Tennessee Behavioral Health, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)						.0
2. Medicare Supplement						.0
3. Dental Only						.0
4. Vision Only						.0
5. Federal Employees Health Benefits Plan						.0
6. Title XVIII - Medicare						.0
7. Title XIX - Medicaid	13,004,845	68,879,362	2,147,175	14,985,526	15,152,020	16,424,922
8. Other Health						.0
9. Health Subtotal (Lines 1 to 8)	13,004,845	68,879,362	2,147,175	14,985,526	15,152,020	16,424,922
10. Healthcare receivables (a)						.0
11. Other non-health						.0
12. Medical incentive pools and bonus amounts						.0
13. Totals	13,004,845	68,879,362	2,147,175	14,985,526	15,152,020	16,424,922

(a) Excludes \$ loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

- A. Accounting Practices – The accompanying financial statements of Tennessee Behavioral Health, Inc. (“TBH” or the “Company”) have been prepared in conformity with the National Association of Insurance Commissioners (NAIC) Annual Statement Instructions, the NAIC Accounting Practices and Procedures Manual and the accounting practices prescribed or permitted by the State of Tennessee Department of Commerce and Insurance, which represents a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).
- B. Use of Estimates in the Preparation of the Financial Statements – No significant change.
- C. Accounting Policy – No significant change.

Note 2 - Accounting Changes and Corrections of Errors

- A. Material changes in accounting principles and/or correction of errors - No significant change.

Note 3 - Business Combinations and Goodwill

- A. Statutory Purchase Method - No significant change.
- B. Statutory Merger - No significant change.
- C. Assumption Reinsurance - No significant change.
- D. Impairment Loss - No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

- A. Mortgage Loan, including Mezzanine Real Estate Loans - No significant change.
- B. Debt Restructuring – No significant change.
- C. Reverse Mortgages – No significant change.
- D. Loan Backed Securities – No significant change.
- E. Repurchase Agreements – No significant change.
- F. Real Estate – No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

- A. Investments in Joint Ventures, Partnerships, and Limited Liability Companies that exceed 10% of the admitted assets of the insurer - No significant change.
- B. Impaired Investments in Joint Ventures, Partnerships, and Limited Liability Companies – No significant change.

Note 7 - Investment Income

- A. Bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued - No significant change.
- B. The total amount excluded was \$0.

Note 8 - Derivative Instruments

- A. Market risk, credit risk and cash requirements of the derivative - No significant change.
- B. Objectives for using derivatives – No significant change.
- C. Accounting policies for recognizing and measuring derivatives used – No significant change.
- D. Net gain or loss recognized in unrealized gains and losses during the reporting period representing the component of the derivative instruments gain or loss – No significant change.
- E. Net gain or loss recognized in unrealized gains and losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting – No significant change.
- F. Derivatives accounted for as cash flow hedges of a forecasted transaction – No significant change.

Note 9 - Income Taxes

- A. Components of the net deferred tax asset or deferred tax liability – No significant change.
- B. Deferred tax liabilities that are not recognized - No significant change.
- C. Components of current income taxes incurred – No significant change.
- D. Significant book to tax adjustments - No significant change.
- E.
 - 1. Amounts, origination dates and expiration dates of operating loss and tax credit carry forward amounts available for tax purposes – No significant change.
 - 2. Amount of federal income taxes incurred in current year that are available for recoupment in the even of future net loss – No significant change.

NOTES TO FINANCIAL STATEMENTS

F. Consolidated federal income tax

1. For federal income tax reporting purposes, the Company's operations are included in Magellan Health Services, Inc.'s (Magellan's) consolidated federal tax returns. The Company files a separate state income tax return.
2. The Company maintains federal tax sharing arrangements with Magellan. Through these arrangements, Magellan has allocated \$1,067,383 of provision for income tax for the six months ended June 30, 2007. The current arrangement calls for an allocation based on Magellan's effective tax rate before reflecting the allocation and after effecting for permanent differences. This amount is included in the accompanying statement of revenue and expenses. Income taxes receivable and payable are included in due to affiliates in the accompanying statement of liabilities, capital and surplus.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of relationship - The Company is a wholly owned subsidiary of Magellan Behavioral Health, Inc., which is directly owned by Magellan. The company holds no investments in any affiliated companies and makes no guarantees nor does it partake in any undertaking for the benefit of any affiliate.
- B. Description of transactions - No significant change.
- C. Dollar amount of transactions - The Company paid \$8,852,066 in management fees to the parent for the three months ended June 30, 2007.
- D. Amounts due to/from related parties - Balances as of June 30, 2007
 - a. Due from Magellan - \$43,726
 - b. Due to Advocate - (\$255,787)
 - c. Due to Premier - \$(340,260)
- E. Guarantees or undertakings for benefit of affiliate - No significant change
- F. Material management or service contracts and cost sharing arrangements with related parties - No significant change.
- G. Common ownership or control - No significant change.
- H. No significant change
- I. Investment in SCA that exceeds 10% - No significant change.
- J. Investments in impaired SCA entities - No significant change.
- K. Investment in a foreign insurance subsidiary - No significant change.

Note 11 - Debt

No significant change.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan - No significant change.
- B. Defined Contribution Plans - No significant change.
- C. Multiemployer Plan - No significant change.
- D. Consolidated/Holding Company plans - No significant change
- E. Post-employment Benefits and Compensated Absences - No significant change.

Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) - (9) No significant change.
- (10) Surplus Notes - No significant change.

Note 14 - Contingencies

- A. Contingent Commitments - No significant change.
- B. Assessments - No significant change.
- C. Gain contingencies - No significant change.
- D. All Other contingencies - No significant change.

Note 15 - Leases

- A. Lessee Operating Lease - No significant change.
- B. Lessor Leases and Leveraged Leases - No significant change.

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No significant change.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

NOTES TO FINANCIAL STATEMENTS

- A. Transfers of Receivables reported as Sales - No significant change.
- B. Transfer and Servicing of Financial Assets – No significant change
- C. Wash Sales – The Company has not engaged in any Wash Sales during the current calendar year.

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans - No significant change.
- B. ASC Plans – No significant change.
- C. Medicare of Similarly Structured Cost Based Reimbursement contract – No significant change.

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No significant change.

Note 20 - September 11 Events

No significant change.

Note 21 - Other Items

- A. Extraordinary items - No significant change.
- B. Troubled Debt Restructuring: Debtor - No significant change.
- C. Other Disclosures – None
- D. Uncollectible balance for assets covered under SSAP No. 6, SSAP No. 47, and SSAP No. 66 – No significant change
- E. Business Interruption Insurance Recoveries – No significant change.
- F. Additional disclosures for Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Plans – No significant change.

Note 22 - Events Subsequent

On April 1, 2007, primarily all of the Company's membership in the Middle Grand Region has been reassigned to managed care companies in accordance with the contract awards by TennCare pursuant to its Request for Proposals for the management of the integrated delivery of behavioral and physical medical care to these enrollees.

Note 23 - Reinsurance

- A. Ceded Reinsurance Report - No significant change.
- B. Uncollectible Reinsurance – No significant change
- C. Commutation of Ceded Reinsurance – No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Method used by the reporting entity to estimate accrued retrospective premium adjustments - No significant change.
- B. Amount of net premiums that are subject to retrospective rating features – No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

- A. Pharmaceutical Rebate Receivables - No significant change.
- B. Risk Sharing Receivables – No significant change.

Note 29 - Participating Policies

- A. Relative percentage of participating insurance - No significant change.
- B. Method of accounting for policyholder dividends – No significant change

NOTES TO FINANCIAL STATEMENTS

- C. Amount of dividends – No significant change.
- D. Amount of any additional income allocated to participating policyholders – No significant change.

Note 30 - Premium Deficiency Reserves

No significant change.

Note 31 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

**PART 1 - COMMON INTERROGATORIES
GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes ☐ No ☒
- 1.2 If yes, has the report been filed with the domiciliary state? Yes ☐ No ☐
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ☐ No ☒
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes ☐ No ☒
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ☐ No ☒
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes ☐ No ☒ NA ☐
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 06/30/2006
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2006
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/20/2007
- 6.4 By what department or departments?
Tennessee Department of Commerce and Insurance.....
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes ☐ No ☒
- 7.2 If yes, give full information:
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ☐ No ☒
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ☐ No ☒
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?..... Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended?..... Yes ☐ No ☒
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes ☐ No ☒
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?..... Yes ☐ No ☒
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$

INVESTMENT

- 11.1 Has there been any change in the reporting entity's own preferred or common stock? Yes ☐ No ☒
- 11.2 If yes, explain:
- 12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes ☐ No ☒
- 12.2 If yes, give full and complete information relating thereto:
13. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$
14. Amount of real estate and mortgages held in short-term investments:\$
- 15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ☐ No ☒
- 15.2 If yes, please complete the following:
- | | 1
Prior Year-End
Book/Adjusted
Carrying Value | 2
Current Quarter
Book/Adjusted
Carrying Value |
|---|--|---|
| 15.21 Bonds | \$ | \$ |
| 15.22 Preferred Stock | \$ | \$ |
| 15.23 Common Stock | \$ | \$ |
| 15.24 Short-Term Investments | \$ | \$ |
| 15.25 Mortgage Loans on Real Estate | \$ | \$ |
| 15.26 All Other | \$ | \$ |
| 15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal
Lines 15.21 to 15.26)..... | \$0 | \$0 |
| 15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above | \$ | \$ |
- 16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes ☐ No ☒
- 16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ☐ No ☐
If no, attach a description with this statement.

GENERAL INTERROGATORIES

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
US Bank	150 4th Avenue 2nd Floor Nashville TN 37219

- 17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 17.3 Have there been any changes, including name changes in the custodian(s) identified in 17.1 during the current quarter?

Yes [] No [X]

- 17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

- 18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

- 18.2 If no, list exceptions:

.....

SCHEDULE A - VERIFICATION

Real Estate		
	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Increase (decrease) by adjustment		0
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans		
	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets		
	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	0	0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks		
	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	2,600,002	3,201,199
2. Cost of bonds and stocks acquired	2,402,711	0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal		0
7. Consideration for bonds and stocks disposed of	2,600,000	600,000
8. Amortization of premium	447	1,197
9. Book/adjusted carrying value, current period	2,402,266	2,600,002
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	2,402,266	2,600,002
12. Total nonadmitted amounts		0
13. Statement value	2,402,266	2,600,002

STATEMENT AS OF JUNE 30, 2007 OF THE Tennessee Behavioral Health, Inc.

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	2,402,603			(337)	2,402,603	2,402,266	0	2,600,002
2. Class 2	0				0	0	0	0
3. Class 3	0				0	0	0	0
4. Class 4	0				0	0	0	0
5. Class 5	0				0	0	0	0
6. Class 6	0				0	0	0	0
7. Total Bonds	2,402,603	0	0	(337)	2,402,603	2,402,266	0	2,600,002
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	2,402,603	0	0	(337)	2,402,603	2,402,266	0	2,600,002

Schedule DA - Part 1

NONE

Schedule DA - Part 2

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S

NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

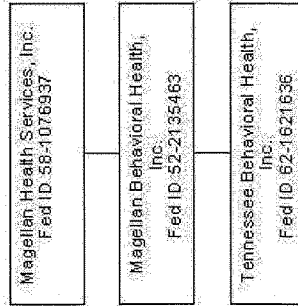
Current Year to Date - Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed (Yes or No)	Direct Business Only							9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama.....AL	No							0	
2. Alaska.....AK	No							0	
3. Arizona.....AZ	No							0	
4. Arkansas.....AR	No							0	
5. California.....CA	No							0	
6. Colorado.....CO	No							0	
7. Connecticut.....CT	No							0	
8. Delaware.....DE	No							0	
9. District of Columbia.....DC	No							0	
10. Florida.....FL	No							0	
11. Georgia.....GA	No							0	
12. Hawaii.....HI	No							0	
13. Idaho.....ID	No							0	
14. Illinois.....IL	No							0	
15. Indiana.....IN	No							0	
16. Iowa.....IA	No							0	
17. Kansas.....KS	No							0	
18. Kentucky.....KY	No							0	
19. Louisiana.....LA	No							0	
20. Maine.....ME	No							0	
21. Maryland.....MD	No							0	
22. Massachusetts.....MA	No							0	
23. Michigan.....MI	No							0	
24. Minnesota.....MN	No							0	
25. Mississippi.....MS	No							0	
26. Missouri.....MO	No							0	
27. Montana.....MT	No							0	
28. Nebraska.....NE	No							0	
29. Nevada.....NV	No							0	
30. New Hampshire.....NH	No							0	
31. New Jersey.....NJ	No							0	
32. New Mexico.....NM	No							0	
33. New York.....NY	No							0	
34. North Carolina.....NC	No							0	
35. North Dakota.....ND	No							0	
36. Ohio.....OH	No							0	
37. Oklahoma.....OK	No							0	
38. Oregon.....OR	No							0	
39. Pennsylvania.....PA	No							0	
40. Rhode Island.....RI	No							0	
41. South Carolina.....SC	No							0	
42. South Dakota.....SD	No							0	
43. Tennessee.....TN	Yes			98,356,289				98,356,289	
44. Texas.....TX	No							0	
45. Utah.....UT	No							0	
46. Vermont.....VT	No							0	
47. Virginia.....VA	No							0	
48. Washington.....WA	No							0	
49. West Virginia.....WV	No							0	
50. Wisconsin.....WI	No							0	
51. Wyoming.....WY	No							0	
52. American Samoa.....AS	No							0	
53. Guam.....GU	No							0	
54. Puerto Rico.....PR	No							0	
55. U.S. Virgin Islands.....VI	No							0	
56. Northern Mariana Islands.....MP	No							0	
57. Canada.....CN	No							0	
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal.....	XXX	0	0	98,356,289	0	0	0	98,356,289	0
60. Reporting entity contributions for Employee Benefit Plans.....	XXX							0	
61. Total (Direct Business).....(a) 1		0	0	98,356,289	0	0	0	98,356,289	0
DETAILS OF WRITE-INS									
5801.....	XXX								
5802.....	XXX								
5803.....	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page.....	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above).....	XXX	0	0	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and other Alien.

STATEMENT AS OF JUNE 30, 2007 OF THE Tennessee Behavioral Health, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1.



OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

SCHEDULE E - PART 1 - CASH

E08

Schedule E - Part 2

NONE

Statement as of June 30, 2007 of the Tennessee Behavioral Health, Inc

Accident and Health Premiums Due and Unpaid

Individually list all debtors with account balances the greater of 10% of gross Premiums Receivable or \$5,000

Name of Debtor	1 1-30 Days	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Nonadmitted	6 Admitted
INDIVIDUALLY LIST ASSETS						
State of Tennessee-Capitation Fee W/H	-	1,875,599	515,914	323,507	959,129	-
Subtotal-Individually Listed Receivables 0199999	-	1,875,599	515,914	323,507	959,129	3,674,149
Subtotal-Receivables not Listed Individually 0299999						
Subtotal-Gross Premium Receivable 0399999	-	1,875,599	515,914	323,507	959,129	3,674,149
Less-Allowance for Doubtful Accounts 0499999						
Total Premiums Receivable (Page 2, Line 12. 0599999	-	1,875,599	515,914	323,507	959,129	3,674,149

Statement as of June 30, 2007 of the Tennessee Behavioral Health, Inc

HEALTH CARE RECEIVABLES

Individually list all debtors with account balances greater of 10% of gross Health Care Receivables of \$5,000.

Name of Debtor	1	2	3	4	5	6
	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Nonadmitted	Admitted
Quinco CMHC	-	-	-	16,769	16,769	-
01999999 Individually Listed Receivables						
02999999 Receivables Not Individually Listed	-	-	-	16,769	16,769	-
03999999 Gross Health Care Receivable	-	-	-	16,769	16,769	-
04999999 Less Allowance for Doubtful Accounts						
05999999 Health Care Receivables (Page 2, Line 21)				16,769	16,769	-

Statement as of June 30, 2007 of the Tennessee Behavioral Health, Inc

Amounts due from Parent, Subsidiaries and Affiliates

Name of Debtor	1 1-30 Days	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Nonadmitted	6 Admitted Current	7 Non-Current
Magellan Health Services	-	-	-	43,725	43,725	-	-
0199999 Gross Amounts Due from Affiliates	-	-	-	43,725	43,725	-	-
0399999 Amounts Due from Affiliates	-	-	-	43,725	43,725	-	-

Statement as of June 30, 2007 of the Tennessee Behavioral Health, Inc

Amounts due to Parent, Subsidiaries and Affiliates

Name of Creditor	1 Description	2 Amount	3 Current	4 Non-Current
AdvoCare of Tennessee		596,147	596,147	-
0199999 Gross Amounts Due to Affiliates	#REF!	596,147	596,147	-
0399999 Amounts Due to Affiliates		596,147	596,147	-

Reporting Month	Levinson Behavioral Health, Inc. - East Region
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Crescent Petroleum Retail, Inc. - Gas Region															
Reporting Month		2016												2017	
For the Year Ended 12/31/2016	For the Year Ended 12/31/2015	January	February	March	April	May	June	July	August	September	October	November	December	For the Year Ended 12/31/2016	For the Year Ended 12/31/2017
Enrollments	12/31/2014	448,074	455,605	423,292	423,386	420,901	427,838	429,185	428,270	429,531	428,814	428,673	429,905	429,631	425,456
Teenage Capitation Payment	\$1,971,791	\$56,564,417	\$1,157,460	\$1,218,302	\$1,113,524	\$1,022,902	\$1,035,090	\$1,080,175	\$1,006,125	\$1,188,702	\$1,194,562	\$1,138,145	\$1,280,162	\$1,155,024	\$1,444,795
Payments for Mental Health and Substance Abuse Services for the Month															
Inpatient Payments by the Climate Processing System	13,927,022	26,794,642	2,206,702	1,708,355	2,133,310	2,117,739	2,241,924	2,134,600	2,310,019	2,202,112	4,006,458	3,425,460	3,444,965	3,596,639	4,192,802
Outpatient Payments by the Climate Processing System	3,582,025	7,921,583	759,251	579,251	579,251	579,251	579,251	579,251	579,251	579,251	489,735	461,932	460,614	444,071	498,266
Supported Housing Payments by the Climate Processing System	13,927,022	26,794,642	2,206,702	1,708,355	2,133,310	2,117,739	2,241,924	2,134,600	2,310,019	2,202,112	4,006,458	3,425,460	3,444,965	3,596,639	4,192,802
Partial Hospitalization Payments by the Climate Processing System	899,164	1,974,910	179,418	134,778	145,450	145,450	138,460	142,798	131,843	128,043	136,649	128,043	136,649	128,043	136,649
In Home Payments by the Climate Processing System	1,565,004	3,013,636	270,020	210,016	210,016	210,016	210,016	210,016	210,016	210,016	171,568	165,853	165,853	165,853	171,568
Transportation Payments by the Climate Processing System	1,593,468	3,300,609	248,739	224,348	220,740	245,457	285,838	261,746	250,845	268,803	281,815	241,748	223,531	275,266	239,526
Twenty-Two Hour Payments by the Climate Processing System	102,547	111,197	204	0	461	996	0	0	0	240	254	24	254	249	0
Other Capitation Payments	25,008,156	47,402,421	3,618,639	3,501,327	3,512,812	3,675,392	3,799,755	3,699,729	3,545,549	3,972,642	3,711,113	3,861,594	3,601,719	4,425,564	3,777,024
Grand Payments	8,676,651	15,596,125	1,214,885	1,162,484	1,250,625	1,138,530	1,168,465	1,108,935	1,188,255	1,280,616	1,300,616	1,280,616	1,300,616	1,280,616	1,300,616
Non-TPS Payments	7,327,540	12,592,511	1,093,414	1,043,934	1,048,934	858,407	774,124	770,122	775,231	786,881	801,811	801,811	801,811	801,811	801,811
Substance Payment	26,990	21,492	0	0	0	0	0	0	0	0	0	0	0	0	0
Respite Payment	96,282	572,848	40,386	39,162	29,221	26,317	26,995	28,527	26,385	26,510	23,520	26,320	26,320	26,320	26,320
Other Payments/Adjustments to Mental Health and Substance Abuse Costs	1,297,954	339,117	0	0	0	0	40	1,407	1,099	366	5,738	1,883	1,058	11,010	3,290
Priority Referral	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recovery on Referral in Payments by the Climate System	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payments for the month	66,658,791	123,196,691	9,664,297	8,835,805	9,444,079	9,284,416	9,560,637	9,029,649	9,262,142	9,708,231	10,096,414	9,262,142	9,708,231	10,096,414	9,262,142
Remaining IBNR for the month	2,788	0	267	835	1,509	128,416	160,637	181,010	154,422	193,443	175,422	194,992	201,793	175,422	246,800
Payments and Remaining IBNR for the month	66,658,791	123,199,479	9,664,563	8,836,641	9,574,588	9,412,832	9,721,274	9,190,665	9,416,564	9,901,674	10,271,836	9,453,915	9,910,024	10,271,836	9,508,942
Federal Loss Ratio	81.3%	78.8%	83.8%	78.7%	86.7%	84.7%	86.5%	84.3%	85.2%	88.0%	91.8%	84.7%	81.5%	84.9%	89.0%

MIDDLE WEST REGIONS

[illegible]